



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.08

Required Report - public distribution

Date: 4/29/2004

GAIN Report Number: AS4014

Australia

Grain and Feed

Grain Update - May 2004

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Report Highlights:

Australia's 2004/05 wheat production is forecast at 23.5 MMT, while barley production is forecast at 7.3 MMT, both unchanged from the previous forecasts. Seasonal rains, which normally commence by this time of year, have yet to develop across much of Australia, possibly signifying a troubled start to the winter growing season. Current indications suggest that rice and sorghum crops may be lower than previously expected, but still sharply higher than the drought-reduced levels registered last season.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1]
[AS]

Wheat/Barley Update

Australia's 2004/05 wheat and barley crops are forecast at 23.5 MMT and 7.3 MMT, respectively, unchanged from the previous forecasts (see GAIN Report #AS4011). The actual outcome of the season will be critically dependent on weather and soil moisture conditions for planting. Normally, an "autumn break", commencing in early April in eastern Australia, would bring increased rainfall to major winter crop producing areas, facilitating planting. In the west of the country, this break typically arrives a month later.

Thus far, these seasonal rains have yet to develop to any significant extent, triggering concerns about winter production prospects. In addition, rainfall in the period January-April 2004 has trended below normal across the majority of grain producing areas of New South Wales and Victoria, prolonging the drought or returning some areas to drought conditions. Precipitation totals for the first four months of 2004 remain near normal in Western and South Australia. Queensland and northeastern New South Wales have experienced above normal precipitation during this period.

A delay to the winter season would tend to favor planting of grain over oilseeds and pulses. Additionally, a shorter growing season would favor barley plantings over wheat.

There have also been grasshopper outbreaks in regions of New South Wales and Queensland. Outbreaks of these pests have now spread into parts of Victoria and South Australia. Field reports indicate that the grasshoppers have caused problems for early-sown oats and other winter grains in some areas of central New South Wales. Aerial and ground spraying is being conducted in high concentration areas to control the pests.

Expected domestic prices for the upcoming 2004/05 wheat and barley crops have strengthened somewhat of late, but remain below last season's levels. As of April 26, 2004, AWB Ltd. places estimated pool returns for the benchmark APW wheat grade in 2004/05 at A\$205-\$215 per MT (FOB, GST exclusive), up from the previous estimate, but down from the A\$224 per MT returned in 2003/04. ABB Grain Ltd., which runs the barley pool in South Australia, recently announced that the gross pool indicators for 2004/05 are A\$180-\$190 per MT for malting 1 barley and A\$155-\$165 per MT for feed 1 barley. These prices are up A\$5 per MT from earlier indicators, but down A\$25-\$35 from 2003/04. This strengthening in prices reflects a recent softening in the value of the Australian dollar vis-à-vis the U.S. dollar.

AWB Ltd. reports that it has now sold and/or shipped one-quarter of the 2003/04 wheat pool receivables. Strong sales to Egypt have been reported, with 2.1 MMT sold and 1.3 MMT already shipped from the 2003/04 pool. These sales include a reported 500,000 MT of hard wheat. AWB Ltd. notes that shipments to Egypt from the 2003/04 pool are already at a higher level than the last 15 years. Significant wheat sales have also been made to Iraq.

Rice/Sorghum Update

Rough rice production in 2004 (MY 2004/05 – Mar-Feb) is projected at 700,000 MT, unchanged from the previous forecast (see GAIN Report #AS4011), but significantly larger than the year-earlier harvest of 390,000 MT. Rice industry sources are projecting the crop may be somewhat less – in the neighborhood of 600,000 MT. Restricted supplies of irrigation water continue to constrain rice production.

Australia's 2004 (marketing year 2004/05 – Mar-Feb) sorghum crop is projected at 2.3 MMT, unchanged from the previous forecast (#AS4011), but sharply higher than the revised estimate of the drought-reduced 2003 crop of 1.5 MMT. Early indications suggest that the

crop may be lower, however. Some industry sources are now projecting the sorghum crop could total less than 2.0 MMT. The harvest of late-planted sorghum will extend through July.

ABARE Crop Report

Australia's Bureau of Agriculture and Resource Economics (ABARE) will release revised estimates/forecasts of these crops in their next issue of the Australian Crop Report, due to be released on June 8, 2004.

Recent Post Reports Regarding Grain

Grain and Feed Annual, AS4011, 03/19/04

Grain Update, March Lockup, AS4007, 02/27/04

Grain Update, January 2004 Lockup, AS3051, 12/29/03

Grain Update, December Lockup, AS3049, 11/25/03

Partial Deregulation of Barley Exports in WA, AS3047, 11/19/03

Wheat and Rice Update, November Lockup, AS3044, 11/03/03